

CITY OF LINCOLN MAYOR'S RECOMMENDED BUDGET FISCAL YEAR 2004-2005 BUDGET SUMMARY

This summary addresses revenue estimates for all tax funds, expenditure information for all tax funds, and significant changes for each department from the previous year's budget for all funds.

All tax funds identifies the following:

- General Fund
- Library Fund
- Social Security Fund
- Police and Fire Pension Fund
- Unemployment Compensation Fund
- Bond Interest and Redemption Fund

The funds listed above are in this classification because each receives property taxes as a source of its revenue. However, they are not limited exclusively to property tax revenues. The term property tax revenue refers to the amount of revenue from property taxes that will be required to operate during the next fiscal year. The property tax rate refers to the rate that is levied upon property in order to raise the budgeted property tax revenue. The City Charter requires that a 10% surplus be added to the property tax revenue when the tax rate is determined. This is done by appropriating only 90% of the property tax revenues that the levy rate will generate.

In addition to the tax funds referred to above, the following funds, referred to as tax subsidized funds in this summary, receive a portion of their funding via transfers from the General Fund. These are:

- Health Fund
- 911 Communications Fund
- Animal Control Fund
- Building and Safety Fund
- Lincoln Area Agency on Aging Fund
- StarTran Fund
- Workforce Investment Act Fund

Interfund transfers are included in the Miscellaneous Budgets section of this book. There are also many funds contained in the operating budget that do not receive tax revenue. The Summary of Staffing and Operating Expenditures By Fund and Department on pages 22 and 23 of this section of the Mayor's Recommended Budget provides a complete summary of all funds included in the operating budget.

BUDGET OVERVIEW

The 2004-2005 budget process began in January of 2004 with the presentation of the Five Year Budget Forecast to the City Council. The forecast presented projected existing revenue sources at existing rates, resulting in a projected shortage of revenues to expenditures of \$2.2 million for current services. When several higher priority new services were included in expenditures, the projected shortage was \$4.6 million. The Mayor's budget process has closed the gap and balanced the budget through a combination of cost savings and increased revenues in order to preserve existing services and fund some, but not all, of the new items identified in the Five Year Forecast.

The 2004-2005 Budget for the tax funds complies with the State imposed lid passed by the 1998 Legislature in LB 989. Key provisions of the lid include:

- Appropriations from various revenue sources (property taxes, motor vehicle taxes, sales tax, in-lieu of tax, state aid, highway allocation fees) are limited to the greater of a 2.5% increase or the percentage increase in the tax base provided by real growth and annexations. The percentage increase provided by real growth and annexations is unknown at the time of release of the Mayor's Recommended Budget but the total change in the tax base, including Real, Personal and Centrally Assessed property is estimated to increase 2.5%. A final tax base value will be certified in late August 2004 prior to formal adoption of the budget.
- Capital improvements and debt service payments on voter approved bond issues are exempt from the lid.

- Costs associated with inter-local agreements are exempt from the lid. The City again excludes several long-standing inter-local agreements from the lid limitation.
- An additional 1% (about \$675,000) of authorization under the lid limit can be approved by a 75% vote of the City Council. The Mayor's Recommended Budget does not utilize the extra 1% allowed.

As a result of the 2003-2004 Budget and previous budgets, the City has \$16,015,825 of unused lid authority prior to the 2004-2005 Mayor's Recommended Budget.

The net change in full time equivalents (fte's) for all funds is an increase of 13.2. A more thorough explanation of changes in staffing is included in the PERSONNEL CHANGES ALL FUNDS section of this summary. Further detail is included in the SIGNIFICANT BUDGET CHANGES BY DEPARTMENT and SUMMARY OF STAFFING AND OPERATING EXPENDITURES BY FUND AND DEPARTMENT.

The 2004-2005 budget for all funds incorporates the following program changes and new initiatives:

Significant Program Changes:

- A public route deviation booster during peak hours near Lux Middle School is added. This booster route would run once in the morning and once in the afternoon during times that school is in session. This route serves the area south and east of Lux school. Cost net of revenue - \$16,946.
- A reduction of expenditures of \$600,000 is achieved by refinancing the capital portion of the Street Light budget that is currently held by LES and being amortized over twenty years. This refinancing reduces the interest cost portion of this budget to market rates.
- \$750,000 of Sidewalk Repair and Maintenance funding is proposed to be funded by a future general obligation bond issue. \$250,000 additional funding is provided through Street Construction funds in the Capital Improvement Plan.
- An additional \$300,000 is budgeted for the City contribution to the Police and Fire Pension fund, bringing the annual contribution closer to the actuarially determined normal cost.
- Staffing, supplies and equipment are provided for maintenance of new Parks areas and trails including the wetland bank at 98th and Cornhusker, Mendoza/Vintage Heights Park, 84th and Leighton Greenway, Country View Park, Burns Park, Lincoln Mall landscape, South 84th Montello to Old Cheney trail, Billy Wolfe/Antelope Creek Trail, Oak Lake/Roper Park connector. Most of the associated staffing is with seasonal personnel.
- A full time Parks Operations Coordinator is added mid fiscal year (.5 FTE) to provide better coordination of Parks maintenance efforts, contract administration, and better service to the public.
- A Laborer II position is added plus supplies and equipment for trail maintenance on 10.5 miles of Jamaica north trail, 4th St. and Salt Valley trails, the 3rd and A overpass and 3rd and F Underpass. - \$140,000.
- A .625 FTE Assistant Center Supervisor for the Park Middle School Teen Center is added for before and after school recreation programs for 6th to 8th graders in newly renovated space - \$37,000.
- A 1.0 FTE Learning Center Supervisor plus unclassified staff is added for the Pershing/Mickle and Everett/Lakeview Community Learning Centers that replaces grant funding. Cost net of revenue - \$88,400.
- A full time Associate Engineering Specialist is added (scheduled for November 1, .8 FTE) for increased efforts in all aspects of traffic signal work, particularly to provide "locate" services for City communications cable - \$44,000
- A 1.0 FTE Associate Engineering Specialist is added to assist in Web programming which plays a key role in keeping the public informed about street projects and closures.
- An additional \$75,000 is added from Street funds for more durable street markings.
- A full time Safety Coordinator for Water and Wastewater to be added mid-fiscal year is included - \$35,636. The cost is split between the two funds.
- Two (2.0 FTE) Firefighters are added to begin to address short staffing concerns on Fire apparatus.
- A 1.0 FTE Plumbing Inspector, a 1.0 FTE Building Inspector and a 1.0 FTE Fire Inspector were added mid-year during fiscal 2003-2004 but are showing in the budget for the first time during 2004-2005.

- An additional \$29,000 is included for possible City Council pay increases as a result of the passage of a charter amendment in the May 2004 election.
- A 1.0 FTE Personnel Clerk is added in the Personnel Department to service benefit plans for City and County employees. This position eliminates the need for an outside contract to administer COBRA. New cost after contractual savings and revenue - \$6,222.
- An additional \$100,000 (for a total of \$550,000) is included to increase the subsidy for Pershing Auditorium. Competition from other new arenas in the area has increased the annual operating loss to be covered by the subsidy.
- An additional \$100,000 is included in the General Fund budget for anticipated shortfalls in budgeted amounts for fuel. Equipment rates for 2004-2005 were set in December of 2003 and January of 2004 when gasoline prices were much less than June of 2004 prices.
- A .3 FTE Environmental Health Educator II is added from Landfill Occupation Tax revenue to help with illegal dumping enforcement.
- A .5 FTE Environmental Health Specialist II is added to begin inspecting food service at assisted living facilities, retirement centers, nursing homes and child care centers.
- A 1.0 FTE Environmental Health Specialist I is added for food inspections.
- A .5 FTE Senior Office Assistant is added in Health/Dental.
- \$31,500 is included in Planning's budget for efforts related to regulatory reform and streamlining.
- \$20,000 is included in the Finance/Purchasing budget for the possible need for contractual services related to enforcement of the Living Wage ordinance.

Changes in revenues included in the 2004-2005 Mayor's Recommended Budget affecting the tax and tax subsidized funds are highlighted below.

Some revenue changes involve fees charged for City services. Without periodic increases in fees, inflationary cost increases would need to be covered by additional property tax revenue or the levels of service provided would need to be reduced. The adequacy of fees charged for City services are examined each year and some fee increases are included in each annual budget.

Significant Changes to Fees and Other Revenue Sources – Tax Supported and Tax Subsidized Budget

<u>Description</u>	<u>2004-2005 Impact</u>
• Utilization of \$500,000 of monies left from construction of projects for the 1999 Parks and Recreation and Library bond issue to lower the debt service levy and make other property tax revenue available for operating costs.	+\$500,000
• Increase the Occupation tax portion of liquor license fees to the new state authorized maximum amounts which are double the license fee.	+\$31,800
• Increase in Parks and Recreation fees for Outdoor Ed. including pre-school fees from \$55 to \$60 per month, camp fees from \$110 to \$125, group hayrack rides from \$130 to \$150, scout groups from \$5 to \$6 and birthday parties from \$25 to \$50. Other increases include Before and After School Recreation fees \$2/youth/week, volleyball court rental \$2 per 55 minute rental, Summer Playground fee \$2/youth/week, athletic fees \$3/youth, and adult fees \$10/team.	+\$82,900
• New revenue from expanded recreation programs and offering of programs at new locations.	+\$36,900
• Increase of 911 Surcharge on phone lines from \$.75 to \$1.00 per month effective January 1, 2005. This fee was increased from \$.50 to \$.75 in January 2004 but not to the maximum allowed by State law and also charged by many other Nebraska communities.	+\$240,000
Total Revenue Impact to the Tax Funded Budget	\$891,600

Utility Rate Changes

In addition to the revenue changes to the tax funds in the table above, a 5% Water rate increase and a 7% Wastewater rate increase are being proposed as part of the Mayor's Recommended Budget.

Other changes and amounts of revenue projected to be collected are highlighted in the REVENUE PROJECTIONS - TAX FUNDS section of this Budget Summary.

SIGNIFICANT EXPENDITURE CHANGES

TAX FUNDS

NET CHANGE IN EXPENDITURES 2003-2004 TO 2004-2005	+\$4,899,114
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The change in tax fund expenditures is a 4.0% increase over the 2003-2004 budget.

1. OPERATING EXPENDITURE CHANGES 2003-2004 TO 2004-2005 (Excludes Capital Improvements and Debt Service)	+\$5,543,612
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The net increase in the operating portion of the Tax Funds Budget is comprised of increases in Personnel +\$4,261,295 Supplies +\$214,298, Other Services and Charges +\$445,718, Transfers +\$620,319, and Equipment +\$1,982.

2. CHANGES IN CAPITAL IMPROVEMENTS 2003-2004 to 2004-2005	-\$1,200,300
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The Capital Improvement Program (C.I.P.) includes \$1,924,000 of General Fund support compared to \$3,124,300 in the 2003-2004 budget.

3. DEBT SERVICE PAYMENT CHANGES 2003-2004 to 2004-2005	+\$555,802
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Increases in debt service payments result from the debt repayment schedules for recent Storm Sewer bond issues which require higher debt service payments in 2004-2005 than in 2003-2004.

TAX FUNDS CHANGES BY LINE ITEM

Some of the significant line item changes in the 2004-2005 Mayor's Recommended Budget from the 2003-2004 Budget are summarized below.

	<u>Tax Funds Only</u>
<u>PERSONNEL</u>	
Changes in salary and other personnel costs (excl. Health Ins.)	+\$3,513,137
Health Insurance	+\$748,158
<u>SERVICES & CHARGES</u>	
Fuel and Oil	+\$97,892
Miscellaneous Contractual Services	+\$80,325
Data Processing Service, Systems Dev.	
Criminal Justice Info. System	+\$196,270
Legal Services	-\$45,500
Street Lights	-\$446,900
City Share Lincoln Center Maintenance	+\$39,828
Election Expense	+\$180,000
<u>EQUIPMENT</u>	
Miscellaneous Equipment	+\$78,852
<u>TRANSFERS</u>	
City Share of StarTran	+\$233,596
City Share of 911 Communications	-\$117,187
City Share of Health	+\$194,512

PERSONNEL CHANGES - ALL FUNDS

The staffing changes below are included in the 2004-2005 Mayor's Recommended Budget. The changes outlined are the more significant changes which take place although there are many other changes as a result of job audits and other routine personnel actions which can change job titles and pay ranges. For more information on staffing by department, please see the BUDGET CHANGES BY DEPARTMENT section.

**NOTABLE STAFFING CHANGES IN THE 2004-2005
MAYOR'S RECOMMENDED BUDGET
ALL FUNDS
(In Full Time Equivalents – FTE's, Reductions are bracketed)**

<u>FTE's/ Dept./Organization/Program</u>	<u>Estimated City Personnel Cost</u>	<u>Estimated New City Tax Dollars</u>
<u>Building and Safety Department</u>		
1.0 Building Inspector	\$52,300	\$0
1.0 Plumbing Inspector	\$52,300	\$0
1.0 Fire Inspector	\$71,700	\$0
<u>Health Department (City Share Of Cost)</u>		
.3 Environmental Educator II	\$13,000	\$0
1.0 Environmental Health Specialist I	\$24,400	\$0
.5 Senior Office Assistant	\$10,100	\$0
.5 Environmental Health Specialist II	\$22,300	\$0
1.0 Systems Specialist II (not previously shown in budget)	\$40,400	\$0
1.0 Animal Control Officer (not previously shown in budget)	\$29,100	\$0
<u>Fire And Rescue</u>		
2.0 Firefighters	\$113,000	\$113,000
(.5) Para-professional Technical Worker (USAR)	(\$12,500)	\$0
The following positions were eliminated when Non-emergency transport was discontinued.		
(2.0) Transfer Emergency Medical Tech	(\$69,000)	\$0
(2.0) Transfer Paramedic	(\$78,000)	\$0
(1.0) Emergency Service Call Taker	(\$37,500)	\$0
<u>Mayor/Aging</u>		
.25 Aging Specialist II	\$11,900	\$11,900
(.75) Aging Specialist II (Antelope Senior Center)	(\$31,400)	(\$31,400)
<u>Public Works and Utilities</u>		
1.0 Associate Engineering Specialist - Engineering Services	\$62,600	\$62,600
.5 Safety and Training Coordinator -Water and Wastewater (Full time position budgeted part of the year)	\$60,500	\$0
.3 Custodian (1/2 time, budgeted for partial year in Water)	\$7,100	\$0
.7 Engineer - Watershed Management (full time, partial year)	\$52,000	\$52,000
<u>Personnel Department</u>		
1.0 Personnel Clerk	\$38,000	\$6,300
<u>Parks and Recreation</u>		
.5 Parks Operations Coordinator (Full time position budgeted for 6 months)	\$33,000	\$33,000
.6 Assistant Center Supervisor (Park Middle School Teen Center)	\$29,400	\$29,400
1.0 Learning Center Supervisor	\$47,000	\$47,000
1.0 Laborer II/NW District	\$37,000	\$37,000
<u>3.3</u> Unclassified Workers and other net changes	<u>\$52,000</u>	<u>\$0</u>
13.2 Net Change in FTE's	\$616,500	\$360,800

REVENUE PROJECTIONS TAX FUNDS

Following is a schedule of revenue sources used by tax and tax subsidized funds. Further details on the various revenue sources and significant changes from the prior year follow the schedule. Revenue projections were based on a combination of historical trends, changes identified by City departments collecting the revenues, and program changes included in this budget.

TAX FUNDS REVENUE

	<u>2003-2004 Council Adopted</u>	<u>2004-2005 Mayor's Recommended</u>	<u>% Change</u>
Property Taxes-Debt Service	\$4,977,043	\$5,000,051	+0.5%
Property Taxes-Operations	\$28,317,657	\$30,988,527	+9.4%
Sales Tax	\$51,996,216	\$54,628,325	+5.1%
Occupation Tax	\$9,651,923	\$9,192,053	-4.8%
In-Lieu Of Tax (State)	\$1,492,081	\$1,478,913	-.9%
Motor Vehicle Tax	\$3,864,915	\$4,102,755	+6.1%
Permits and Fees	\$2,880,695	\$2,883,795	+0.1%
In-Lieu Of Tax (LES)	\$1,248,000	\$1,225,000	-1.8%
Intergovernmental	\$1,555,933	\$1,660,214	+6.7%
Reimbursement. for Services	\$2,104,144	\$2,019,196	-5.3%
Recreation Receipts	\$1,882,956	\$1,999,753	+6.2%
Parking Meter Revenue	\$835,000	\$835,000	0.0%
County Library Tax	\$609,680	\$634,047	+4.0%
Earned Interest	\$418,400	\$548,400	+3.1%
Interest Property Tax	\$113,000	\$107,000	-5.3%
Rent	\$346,667	\$407,994	+17.7%
Administrative Fees	\$888,500	\$758,400	-14.6%
Sundry Taxes	\$47,585	\$42,476	-10.7%
Miscellaneous	\$336,247	\$343,581	-2.2%
Revenue Before Balances	\$113,566,642	\$118,855,480	+4.7%
Appropriated Balances	\$7,388,115	\$6,998,391	-5.3%
Total Revenue	\$120,954,757	\$125,853,871	+4.0%

SIGNIFICANT NET CHANGES IN REVENUE AND BALANCES

2003-2004 TO 2004-2005	\$4,899,114
Property Tax (Operating)	+2,670,870
Property Tax (Debt Service)	+\$23,008
Sales Tax	+\$2,632,109
Recreation Fees	+\$116,797
Occupation Taxes	-\$459,870
Intergovernmental	+\$104,281
Earned Interest	+\$130,000
Reimbursement for Services	-\$84,948
Administrative Fees	-\$130,100
Balances	-\$389,724
All Other Tax Fund Revenues (net)	+\$286,691

PROPERTY TAX

Property Tax revenue required to fund the 2004-2005 Mayor's Recommended Budget increases \$2,693,878 or 8.1%, over that required for the 2003-2004 Budget. Total growth in the tax base is estimated at 2.5% however final valuations are not received from the County until mid to late August and are a necessary piece of information to calculate a final tax rate.

The following table illustrates the estimated impact of the 2004-2005 Budget on the property tax rate and property tax revenue, based on the preliminary estimate of a 2.5% increase in the property tax base.

Estimated Property Tax Revenue and Rate Changes				
	Adopted 2003-04	Mayor's Recommended 2004-05	Change	% Change
Total Property Tax Revenue	\$33,294,700	\$35,988,578	\$2,693,878	+8.1%
Revenue required to pay for additional debt service on voter approved bonds.		\$555,802	\$555,802	+1.7%
Revenue required without bond issues		\$35,432,776	\$2,138,076	+6.4%
Tax rate per \$100 – city services)	.29028	.30612	+.015840	+5.5%
Property tax rate after factoring out bond issues		.30139	+.01111	+3.8%
Tax on a \$125,000 property including bonds	\$362.85	\$382.65	+\$19.80	+5.5%

SALES TAX

Sales tax collections during the 2003-2004 are within .2% of projections through June of 2004, or ten months of collections. Legislation passed by the Nebraska Legislature in the 2003 regular session expanded the sales tax base to include more services. This expansion of the sales tax base effected sales tax collections since December of 2003, or for nine months of the 2003-2004 fiscal year. During the 2004-2005 fiscal year the City will receive the benefit of the sales tax base expansion for all twelve months of the fiscal year. Projections for 2004-2005 reflect a 5.1% increase over the current year projections, and include an estimated \$360,000 due to the impact of a full twelve months of benefit from the expansion of the sales tax base on services.

	2003-2004 Projected Collections	2003-2004 Actual Collections	2002-2003 Refunds	2003-2004 Refunds	2004-2005 Projected Collections
September	\$4,045,412	\$4,383,878	(\$48,531)	(\$69,997)	\$4,515,734
October	\$4,327,751	\$4,560,394	(\$64,605)	(\$110,193)	\$4,727,381
November	\$4,403,071	\$4,306,712	(\$134,088)	(\$219,454)	\$4,759,942
December	\$4,179,399	\$3,923,666	(\$177,459)	(\$390,445)	\$4,303,478
January	\$4,326,398	\$4,276,609	(\$306,467)	(\$59,315)	\$4,547,686
February	\$5,305,386	\$5,208,187	(\$61,404)	(\$323,218)	\$5,600,491
March	\$4,002,033	\$3,957,283	(\$17,601)	(\$22,759)	\$4,156,954
April	\$3,795,192	\$3,690,370	(\$281,861)	(\$199,018)	\$3,907,319
May	\$4,405,046	\$4,447,001	(\$275,081)	(\$155,787)	\$4,536,832
June	\$4,274,616	\$4,599,245	(\$138,914)	(\$194,593)	\$4,357,746
July	\$4,324,380		(\$563,339)		\$4,477,137
August	\$4,607,532		(\$341,868)		\$4,737,625
Total	\$51,996,216	\$43,353,345	(\$2,411,218)	(\$1,744,779)	\$54,628,325

Other revenue sources showing notable changes for next year are highlighted below.

OCCUPATION TAX

This category decreases \$459,870 (-4.8%) because of decreases in amounts projected from the Telecommunications occupation tax. In addition, projections for 2003-2004 included estimates of a one time payment from the City's cable television provider over amounts owed the City that were in dispute.

RECREATION RECEIPTS

This source of revenue increases \$116,797 (+6.2%). Revenues in this category are generally flat except for routine increases in fees for various programs and expanded recreation services, some of which are at new sites and generate new revenue.

ADMINISTRATIVE FEES

This category decreases \$130,100 (-14.6%) due to a decrease in receipts from the administrative fee portion of parking tickets, which is projected to be \$140,000 less than the current fiscal year.